

2025 SESSION - Preliminary 2025 Governor's Tax Recommendations

NOVEMBER 2024 FORECAST BASELINE

Dollars in Thousands

Tax Revenues, Non-General Fund Items, and Totals: Negative #s = Revenue Reduction

Property Tax, Aids & Credits: Negative #s = Spending Reduction

LINE	ITEM	Forecast	GOVERNOR	
		FY 2024-25	FY 2026-27	FY 2028-29
	CURRENT LAW GENERAL FUND FORECAST:			
1	TAX POLICY (REVENUE) ¹	58,021,635	61,412,257	65,746,731
2	PROPERTY TAX REFUNDS, AIDS, & CREDITS (EXPENDITURES) ¹	5,548,638	4,725,353	4,924,608
4	GENERAL FUND - CHANGE ITEMS:			
5	Tax Revenue	-	151,589	239,418
6	Less General Fund Property Tax Refunds, Aids, & Credits	(5,000)	(9,028)	(19,810)
8	TOTAL: NET GENERAL FUND CHANGE ITEMS	5,000	160,617	219,608
13	NON-GENERAL FUND - CHANGE ITEMS:			
14	Outdoor Heritage Fund		6,600	8,349
15	Arts & Cultural Heritage Fund		3,951	4,997
16	Clean Water Fund		6,600	8,349
17	Parks & Trails Fund		2,849	3,605
18	Special Revenue Fund		-	-
20	SUBTOTAL: NET NON-GENERAL FUND CHANGE ITEMS	-	20,000	25,300

¹ Based on the November 2024 Forecast

November 2024 Forecast
 General Fund Fiscal Impact

All Dollars in Thousands											
Note: Positive dollars show revenue gains, negative dollars or dollars in parenthesis show revenue losses											
Row		A	B	C	D	E	F	G	H	I	Row
		Nov 24	Nov 24	Nov 24	GOV (Jan 25)			GOV (Jan 25)			
		FY 2024-25	FY 2026-27	FY 2028-29	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29	
1	Summary										1
2	Total - Current Law - Tax Revenues	58,021,635	61,412,257	65,746,731	30,124,860	31,287,397	61,412,257	32,374,027	33,372,704	65,746,731	2
3	Total - Net Changes - Tax Revenues	-	-	-	50,400	101,189	151,589	115,406	124,012	239,418	3
4	Total - Net, Non Dedicated Tax Revenue	58,021,635	61,412,257	65,746,731	30,175,260	31,388,586	61,563,846	32,489,433	33,496,716	65,986,149	4
	Individual Income Tax										
5	Change Items	-	-	-							5
6	Repeal K-12 Education Credit Assignment				-	Unknown	Unknown	Unknown	Unknown	Unknown	6
7	Short Line Railroad Infrastructure Modernization Credit Transfer				-	-	-	-	-	-	7
8	Certificate of Rent Paid, Landlord Penalty				-	-	-	60	60	120	8
9	Establish a Pass-through Audit Unit - Tax Revenue (net gain)				-	(291)	(291)	1,736	2,792	4,528	9
10	Expand Research & Development Credit				(25,700)	(19,800)	(45,500)	(19,800)	(19,800)	(39,600)	10
11	Interaction: Personal Property Tax Exemption				-	30	30	1,160	1,210	2,370	11
12	Interaction: Aquatic Invasive Species Aid Reduction				-	(50)	(50)	(50)	(50)	(100)	12
13	Subtotal: Change Items	-	-	-	(25,700)	(20,111)	(45,811)	(16,894)	(15,788)	(32,682)	13
	Corporate Franchise Tax										
14	Change Items										14
15	Sustainable Aviation Fuel Tax Credit				(5,300)	(5,300)	(10,600)	(2,100)	(2,100)	(4,200)	15
16	Subtotal: Change Items	-	-	-	(5,300)	(5,300)	(10,600)	(2,100)	(2,100)	(4,200)	16
17	Subtotal: Change Items	-	-	-	(5,300)	(5,300)	(10,600)	(2,100)	(2,100)	(4,200)	17
	Sales and Use Tax										
18	Change Items	-	-	-							18
19	Rate Change, Broaden Base to Professional Services (Effective 10/1/25)				135,400	209,700	345,100	216,500	223,000	439,500	19
20	Rate Change, Reduce the Rate to 6.425% (Effective 10/1/25)				(61,200)	(94,800)	(156,000)	(97,900)	(100,700)	(198,600)	20
21	Interaction of Rate & Base Changes				(1,500)	(2,400)	(3,900)	(2,500)	(2,600)	(5,100)	21
22	Subtotal: Change Items	-	-	-	72,700	112,500	185,200	116,100	119,700	235,800	22
23	Subtotal: Change Items	-	-	-	72,700	112,500	185,200	116,100	119,700	235,800	23

November 2024 Forecast
 General Fund Fiscal Impact

All Dollars in Thousands											
Note: Positive dollars show revenue gains, negative dollars or dollars in parenthesis show revenue losses											
		A	B	C	D	E	F	G	H	I	
		Nov 24	Nov 24	Nov 24	GOV (Jan 25)			GOV (Jan 25)			
Row		FY 2024-25	FY 2026-27	FY 2028-29	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29	Row
24	Cannabis Gross Receipts Tax										24
25	Change Items										25
26	Repeal, Local Cannabis Gross Receipt Tax, 20% Dedication				8,700	14,100	22,800	18,300	22,200	40,500	26
27	Subtotal: Change Items	-	-	-	8,700	14,100	22,800	18,300	22,200	40,500	27
<p><i>EOS is End of Session, MMB General Fund Balance</i></p> <p><i>Nov 24 is November 2024 General Fund Balance Analysis</i></p> <p><i>Gov (Jan 25) is the Governor's 2025 Tax Recommendations based on the November 2024 Forecast</i></p>											

Preliminary 2025 Governor's Recommendations - NonGeneral Fund Tax Revenue

November 2024 Forecast

Additional Funds Fiscal Impact

All Dollars in Thousands

Note: Positive dollars show revenue gains, negative dollars or dollars in parenthesis show revenue losses

Row		Nov 24	Nov 24	Nov 24	GOV (Jan 25)			GOV (Jan 25)		
		FY 2024-25	FY 2026-27	FY 2028-29	FY 2026	FY 2027	FY 2026-27	FY 2027	FY 2028	FY 2027-28
1	Summary									
2	Total - Current Law - Tax Revenues	885,514	932,822	997,757	458,631	474,191	932,822	490,521	507,236	997,757
3	Total - Net Changes - Tax Revenues	-	-	-	7,800	12,200	20,000	12,400	12,900	25,300
4	Total - Net, Non Non General Fund Tax Revenue	885,514	932,822	997,757	466,431	486,391	952,822	502,921	520,136	1,023,057
	<u>Outdoor Heritage Fund (Legacy/33%/2300 Fund)</u>									
5	Receipts	292,236	307,831	329,260	151,348	156,483	307,831	161,872	167,388	329,260
6	Change Items	-	-	-			-			-
7	Rate Change, Broaden Base to Professional Services (Effective 10/1/25)		-	-	2,574	4,026	6,600	4,092	4,257	8,349
8	Subtotal	-	-	-	2,574	4,026	6,600	4,092	4,257	8,349
9	TOTAL: Outdoor Heritage Fund	292,236	307,831	329,260	153,922	160,509	314,431	165,964	171,645	337,609
	<u>Arts & Cultural Heritage (Legacy/19.75%/2301 Fund)</u>									
11	Receipts	174,809	184,233	197,057	90,580	93,653	184,233	96,878	100,179	197,057
12	Change Items									
13	Rate Change, Broaden Base to Professional Services (Effective 10/1/25)				1,541	2,410	3,951	2,449	2,548	4,997
14	Subtotal	-	-	-	1,541	2,410	3,951	2,449	2,548	4,997
15	TOTAL: Arts & Cultural Heritage Fund	174,809	184,233	197,057	92,121	96,063	188,184	99,327	102,727	202,054
	<u>Clean Water (Legacy/33%/2302 Fund)</u>									
17	Receipts	292,276	307,831	329,260	151,348	156,483	307,831	161,872	167,388	329,260
18	Change Items	-	-	-			-			-
19	Rate Change, Broaden Base to Professional Services (Effective 10/1/25)				2,574	4,026	6,600	4,092	4,257	8,349
20	Subtotal	-	-	-	2,574	4,026	6,600	4,092	4,257	8,349
21	TOTAL: Clean Water Fund	292,276	307,831	329,260	153,922	160,509	314,431	165,964	171,645	337,609

Preliminary 2025 Governor's Recommendations - NonGeneral Fund Tax Revenue

November 2024 Forecast
 Additional Funds Fiscal Impact

All Dollars in Thousands

Note: Positive dollars show revenue gains, negative dollars or dollars in parenthesis show revenue losses

Row		Nov 24	Nov 24	Nov 24	GOV (Jan 25)			GOV (Jan 25)		
		FY 2024-25	FY 2026-27	FY 2028-29	FY 2026	FY 2027	FY 2026-27	FY 2027	FY 2028	FY 2027-28
1	Summary									
22	<u>Parks & Trails (Legacy/ 14.25%/2303 Fund)</u>									
23	Receipts	126,193	132,927	142,180	65,355	67,572	132,927	69,899	72,281	142,180
24	Change Items			-			-			-
25	Rate Change, Broaden Base to Professional Services (Effective 10/1/25)	-	-	-	1,111	1,738	2,849	1,767	1,838	3,605
26	Subtotal: Parks & Trails Fund	-	-	-	1,111	1,738	2,849	1,767	1,838	3,605
27	TOTAL: Parks & Trails Fund	126,193	132,927	142,180	66,466	69,310	135,776	71,666	74,119	145,785
28	<u>Local Cannabis Tax (Special Revenue Fund/2000 Fund)</u>									
29	Receipts	3,100	132,927	142,180	8,700	14,100	22,800	18,300	22,200	40,500
30	Change Items			-			-			-
31	Repeal, Cannabis Gross Tax 20% Dedication	-	-	-	(8,700)	(14,100)	(22,800)	(18,300)	(22,200)	(40,500)
32	Subtotal: Special Revenue Fund	-	-	-	(8,700)	(14,100)	(22,800)	(18,300)	(22,200)	(40,500)
	TOTAL: Special Revenue Fund	3,100	132,927	142,180	-	-	-	-	-	-
33	TOTAL: Net, Non Dedicated Tax Revenue		932,822	997,757	466,431	486,391	952,822	502,921	520,136	1,023,057

Nov 24 is November 2024 General Fund Balance Analysis

November 2024 Forecast

General Fund Fiscal Impact

All Dollars in Thousands												
Note: Positive numbers represent expenditures, negative numbers represent cost savings.												
Row		A	B	C	D	E	F	G	H	I	J	Row
		Nov 24	Nov 24	Nov 24	Gov (Jan 25)				Gov (Jan 25)			
		FY 2024-25	FY 2026-27	FY 2028-29	FY 2025	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29	
1	Summary											1
2	Total - Current Law - Property Tax, Aids, and Credits	5,548,638	4,736,178	4,946,173	2,699,703	2,322,782	2,411,599	4,734,381	2,452,201	2,492,217	4,944,418	2
3	Total - Net Changes - Property Tax, Aids, and Credits	-	-	-	(5,000)	(4,460)	(9,500)	(9,028)	(9,770)	(10,040)	(19,810)	3
4	Total - Property Tax, Aids, and Credits	5,548,638	4,736,178	4,946,173	2,694,703	2,318,322	2,402,099	4,725,353	2,442,431	2,482,177	4,924,608	4
5	Property Tax Refunds											5
6	<i>Change Items</i>											6
7	Electrical Coop. Distribution Lines Exemption					-	40	40	40	40	80	7
8	Low-Income Personal Property Tax Exemption					-	10	10	60	60	120	8
9	Reduce Sustainable Forest Incentive Payments					-	(5,240)	(5,240)	(5,510)	(5,780)	(11,290)	9
10	Subtotal: Change Items					-	(5,190)	(5,190)	(5,410)	(5,680)	(11,090)	10
11	Local Aids											11
12	<i>Change Items</i>											12
13	Reduce Aquatic Invasive Species Prevention Aid				-	-	(4,860)	(4,860)	(4,860)	(4,860)	(9,720)	13
14	Subtotal: Change Items				-	-	(4,860)	(4,860)	(4,860)	(4,860)	(9,720)	14
15	Other											15
16	<i>Change Items</i>											16
17	DOR Admin 2025 Tax Bill R&D Credit Expansion				-	50	50	100	-	-	-	17
18	DOR Admin 2025 Tax Bill Sales Tax Rate Change & Expansion				-	422	500	922	500	500	1,000	
19	TR-IN: Special Revenue Cannabis Aid Carryforward				-	(4,932)	-	-	-	-	-	
20	Repeal Tax Filing Modernization Account				(5,000)	-	-	-	-	-	-	20
21	Subtotal: Change Items				(5,000)	(4,460)	550	1,022	500	500	1,000	21

November 2024 Forecast

General Fund Fiscal Impact

All Dollars in Thousands												
Note: Positive numbers represent expenditures, negative numbers represent cost savings.												
	A	B	C	D	E	F	G	H	I	J		
	Nov 24	Nov 24	Nov 24	Gov (Jan 25)				Gov (Jan 25)				
Row	FY 2024-25	FY 2026-27	FY 2028-29	FY 2025	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29	Row	
22	TOTAL: Property Tax, Aids and Credits	5,548,638	4,736,178	4,946,173	2,723,404	2,319,244	2,402,974	4,727,150	2,443,307	2,483,056	4,926,363	22
<p><i>EOS is End of Session, MMB General Fund Balance Analysis</i> <i>Nov 24 is November 2024, General Fund Balance Analysis</i> <i>Gov (Jan 25) is Governor's Recommendations, January 2025</i> <i>ICWA is the Indian Child Welfare Act</i> <i>PILT is Payment in Lieu of Taxes</i> <i>DNR is the Department of Natural Resources</i> <i>DOT is the Department of Transportation</i> <i>SPTRFA is the St Paul Teachers Retirement Fund Association. TRA is the Teachers Retirement Association</i> <i>TR-IN is Transfer In</i></p>												

November 2024 Forecast

Additional Funds Fiscal Impact - Property Tax, Aids, and Credits

All Dollars in Thousands

Note: Positive numbers represent cost savings, negative numbers represent expenditures.

Row		A	B	C	D	E	F	G	H	I	J	Row
		Nov 24	Nov 24	Nov 24	Gov (Jan 25)				Gov (Jan 25)			
		FY 2024-25	FY 2026-27	FY 2028-29	FY 2025	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29	
1	Summary											1
2	Total - Current Law - Non-General Fund	(118,180)	(358,504)	(399,178)	(91,103)	(171,648)	(173,446)	(345,094)	(180,075)	(186,703)	(366,778)	2
3	Total - Net Changes - Non-General Fund	-	-	-	-	-	13,100	13,410	14,100	18,300	32,400	3
4	Total - Additional Funds	(118,180)	(358,504)	(399,178)	(91,103)	(171,958)	(173,446)	(345,094)	(165,975)	(168,403)	(334,378)	4
5	Special Revenue Fund											5
6	Local Government Cannabis Aid											6
7	<i>Change Items</i>											7
8	Carryforward					5,242	-	5,242	-	-	-	8
9	Repeal Local Government Cannabis Aid					-	13,100	13,100	14,100	18,300	32,400	9
10	TR OUT - Remaining Balance to General Fund					(4,932)	-	(4,932)	-	-	-	10
11	Subtotal: Change Items	-	-	-	-	310	13,100	13,410	14,100	18,300	32,400	11
12	TOTAL: Special Revenue Fund - Local Gov. Cannabis Aid Account	(184)	(13,410)	(32,400)	(184)	-	-	-	-	-	-	12
13	TOTAL: Additional Funds	(118,180)	(358,504)	(399,178)	(91,103)	(171,958)	(173,446)	(345,094)	(180,075)	(186,703)	(366,778)	13

EOS is End of Session, MMB General Fund Balance Analysis

Nov 24 is November 2024, General Fund Balance Analysis

Gov (Jan 25) is Governor's Recommendations, January 2025

TR-OUT is Transfer Out